

# **Headquarters U.S. Air Force**

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*Integrity - Service - Excellence*

## ***Air Force Government Purchase Card (GPC) Program***



**Karen Petering  
SAF/AQCK  
25 Aug 2004**



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# Agenda



- Program Overview
  - Actions/Dollars
  - AF Performance Measures
- Current Environment
- What's Next



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# Program Overview



## Scope

### Air Force

- **46k active cardholder accounts (down from 78K)**
- **19k approving officials**

### FY 03 Statistics

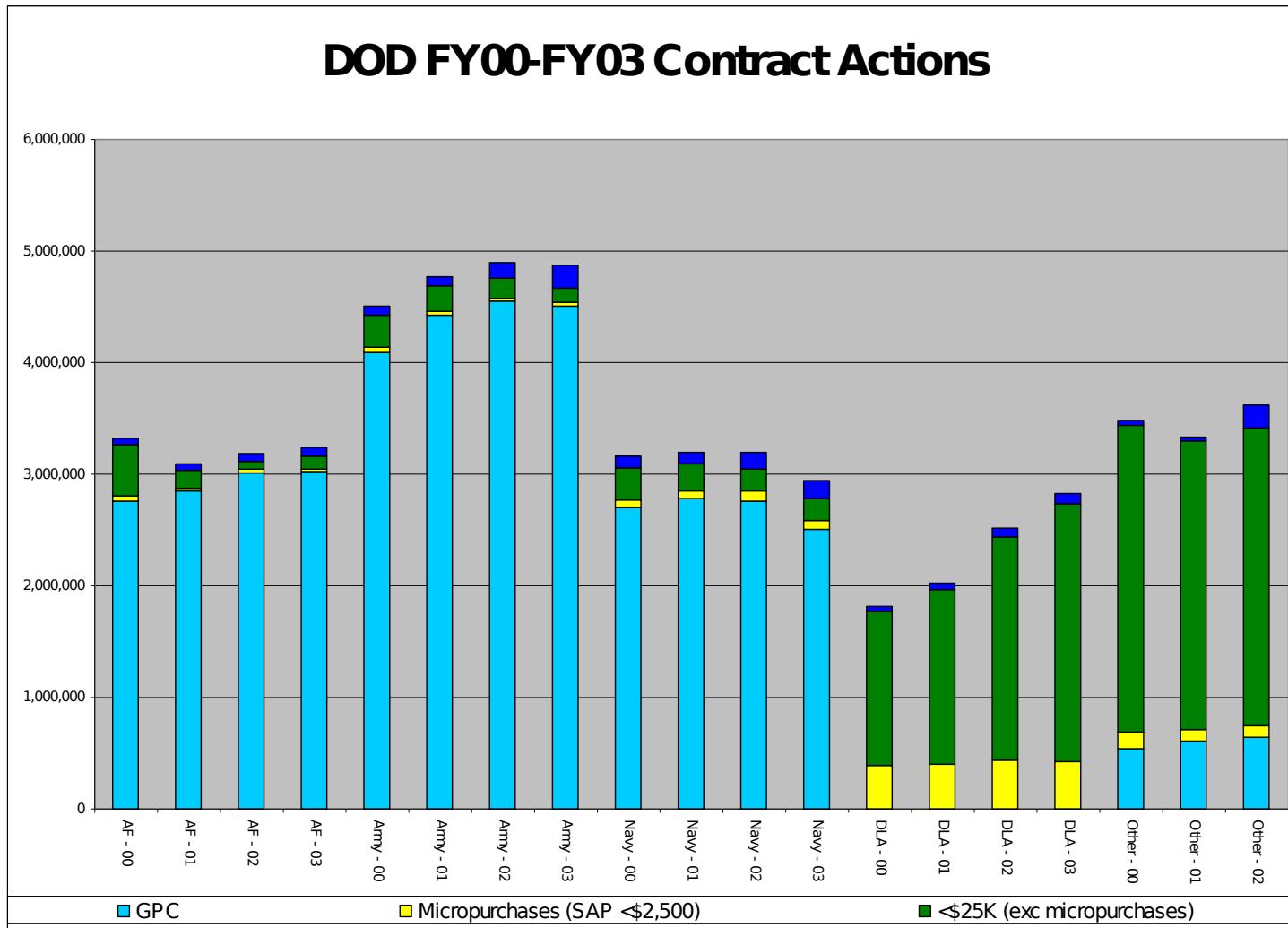
- **3+ million transactions**
- **\$1.76 billion**
- **\$14 million in rebates**
- **98% of Air Force procurement actions**



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# DoD Contract/PC Actions

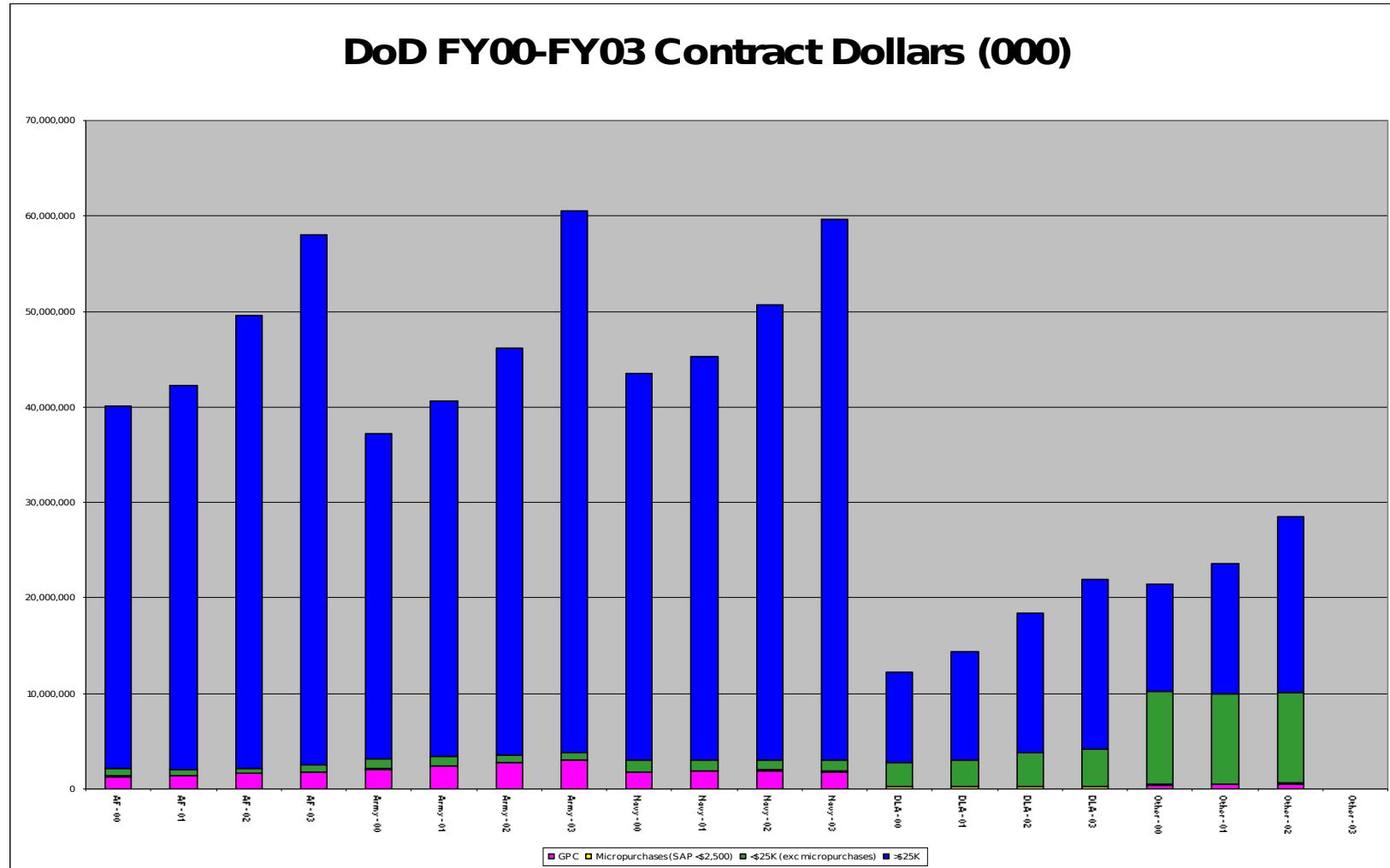




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# DoD Contract/PC Dollars

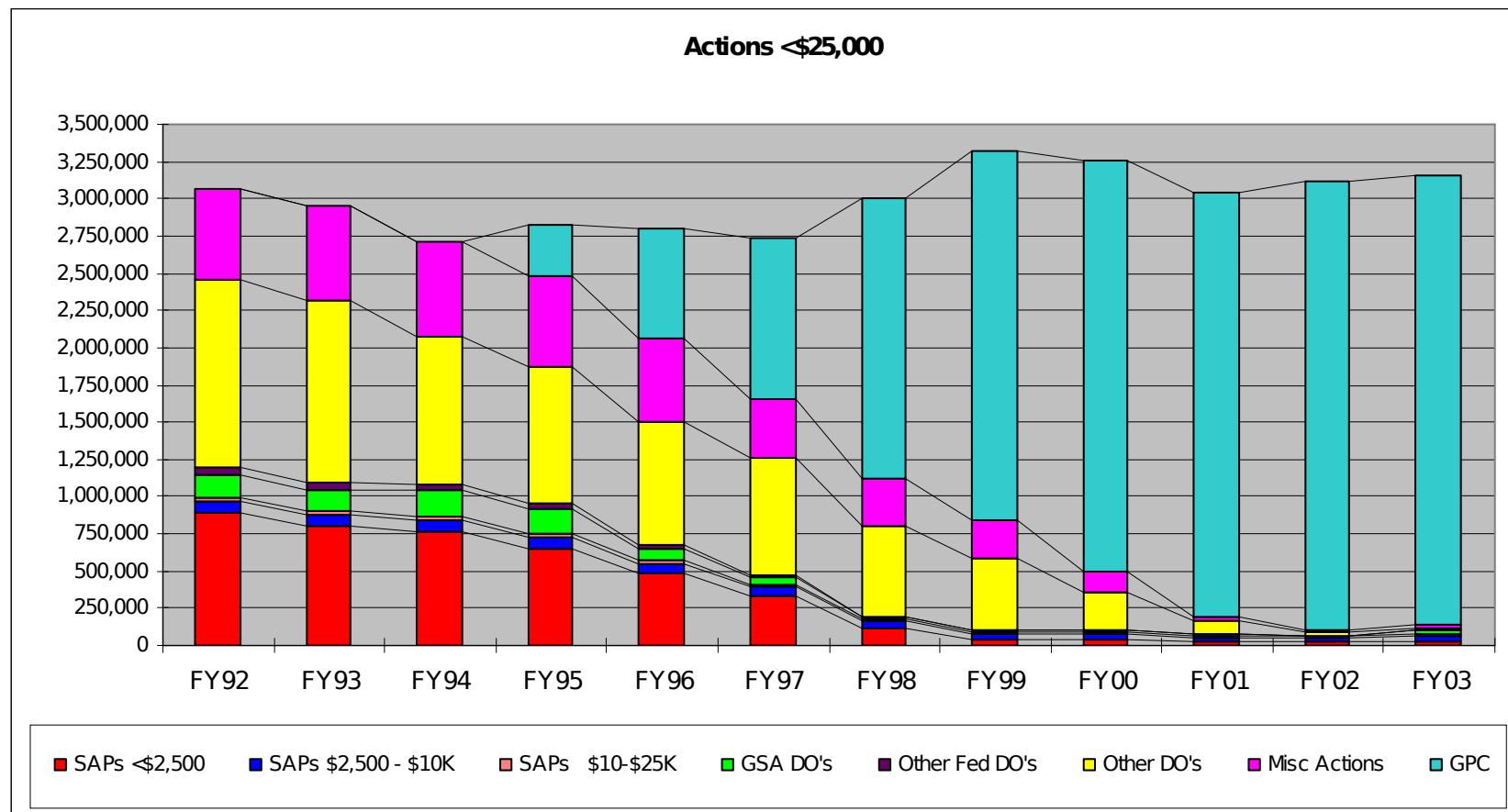




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# AF Actions <\$25,000

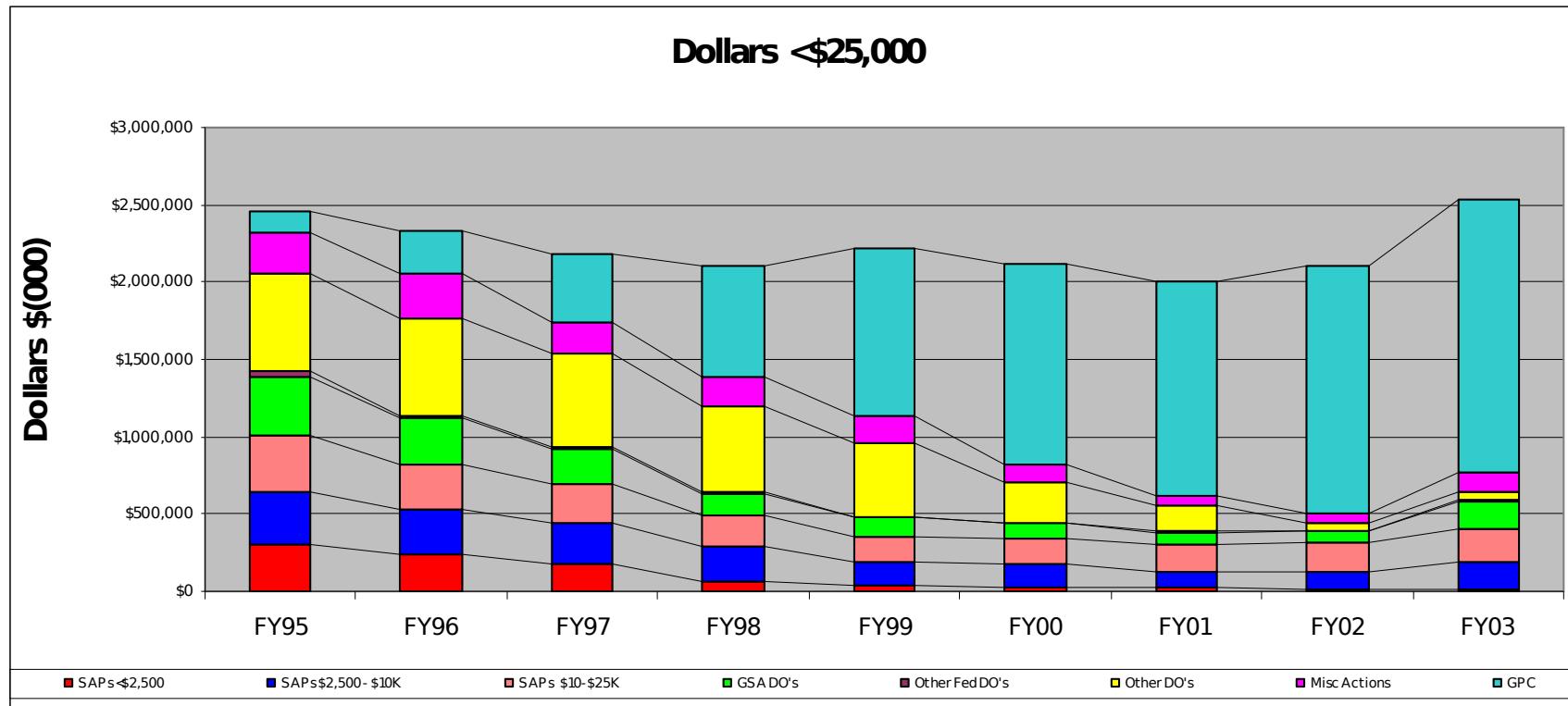




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# AF Dollars <\$25,000





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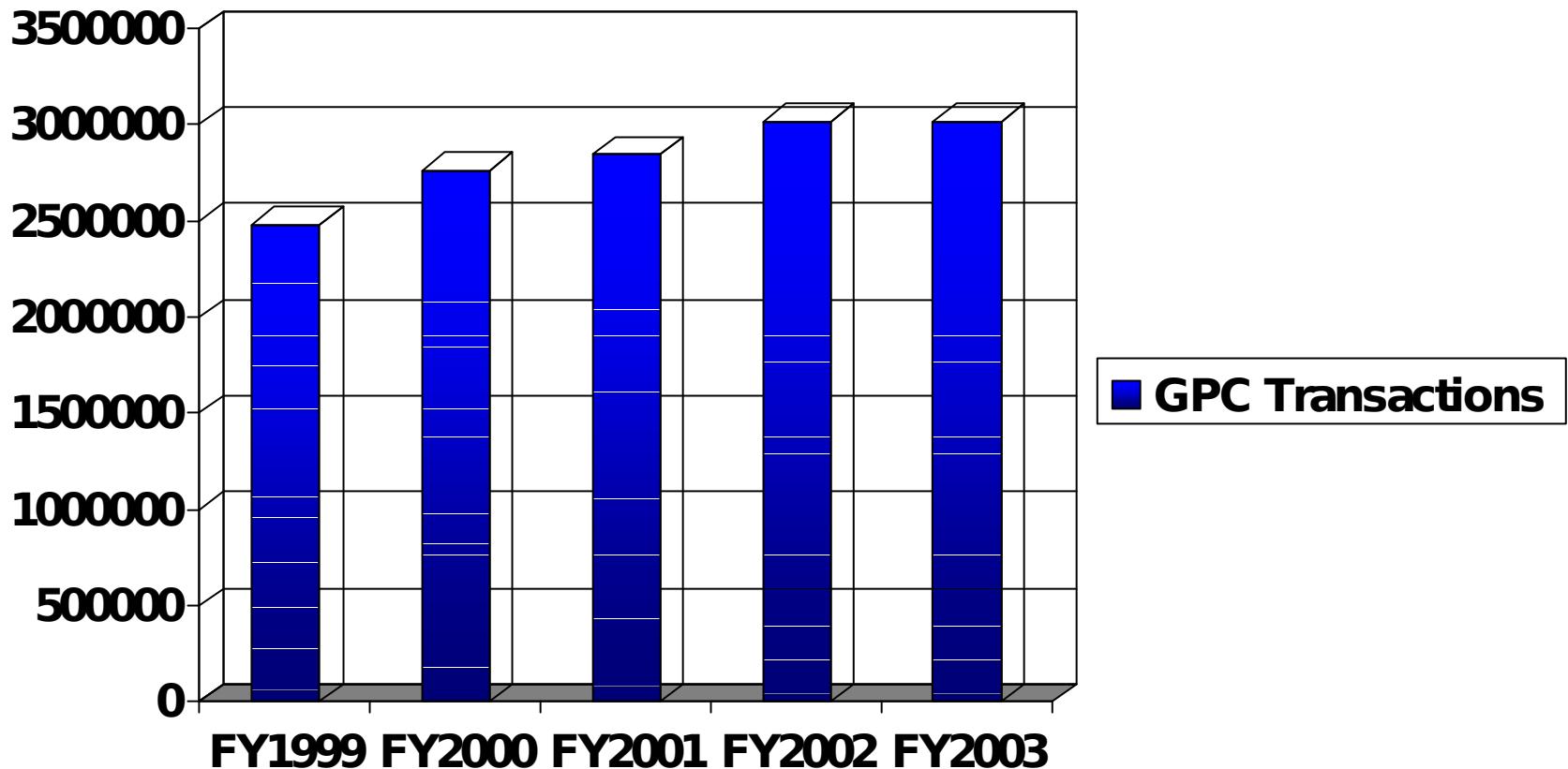
# AF Performance Measures



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# AF GPC Transactions



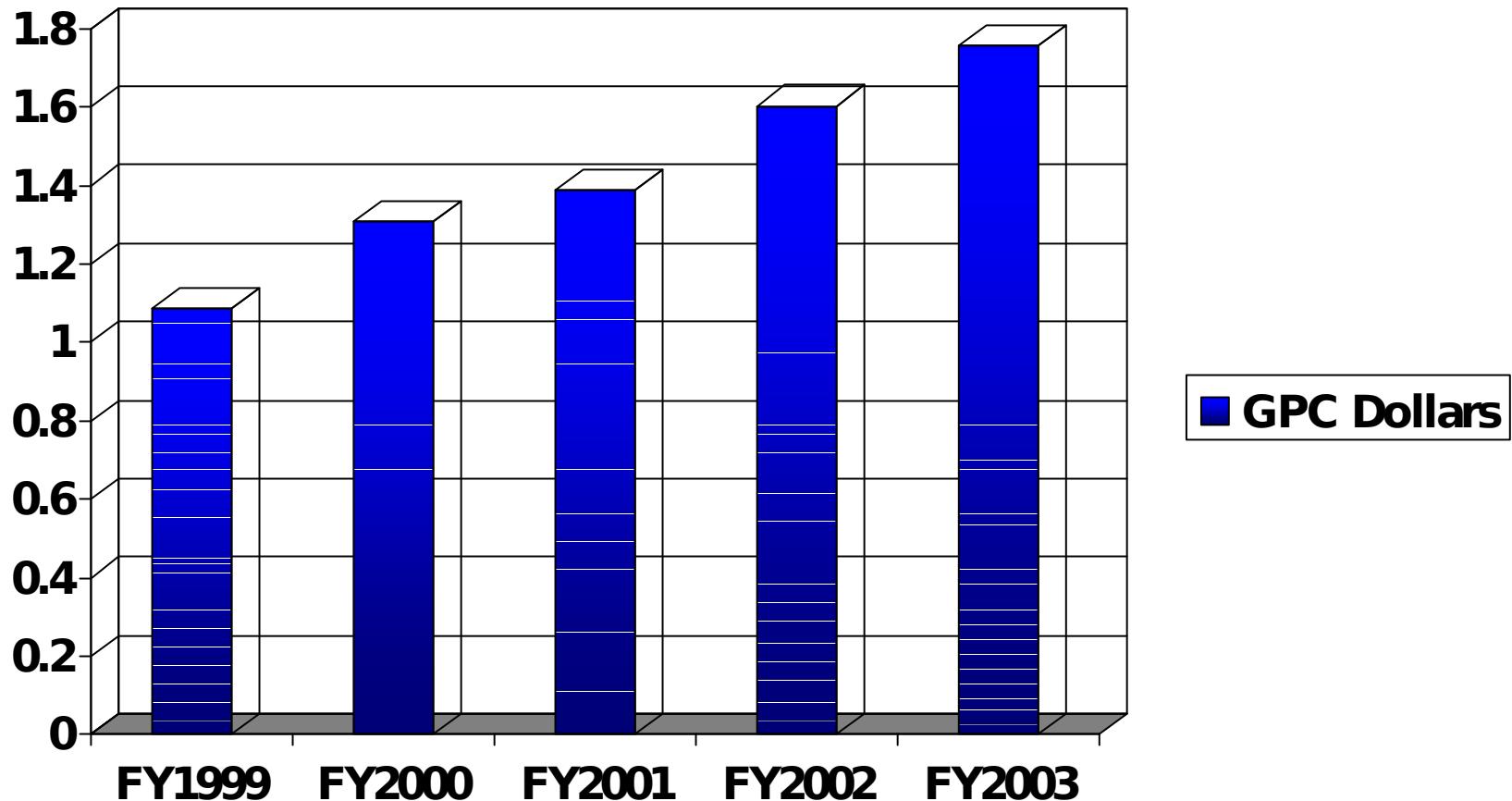


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# AF GPC Dollars

\$ BILLIONS

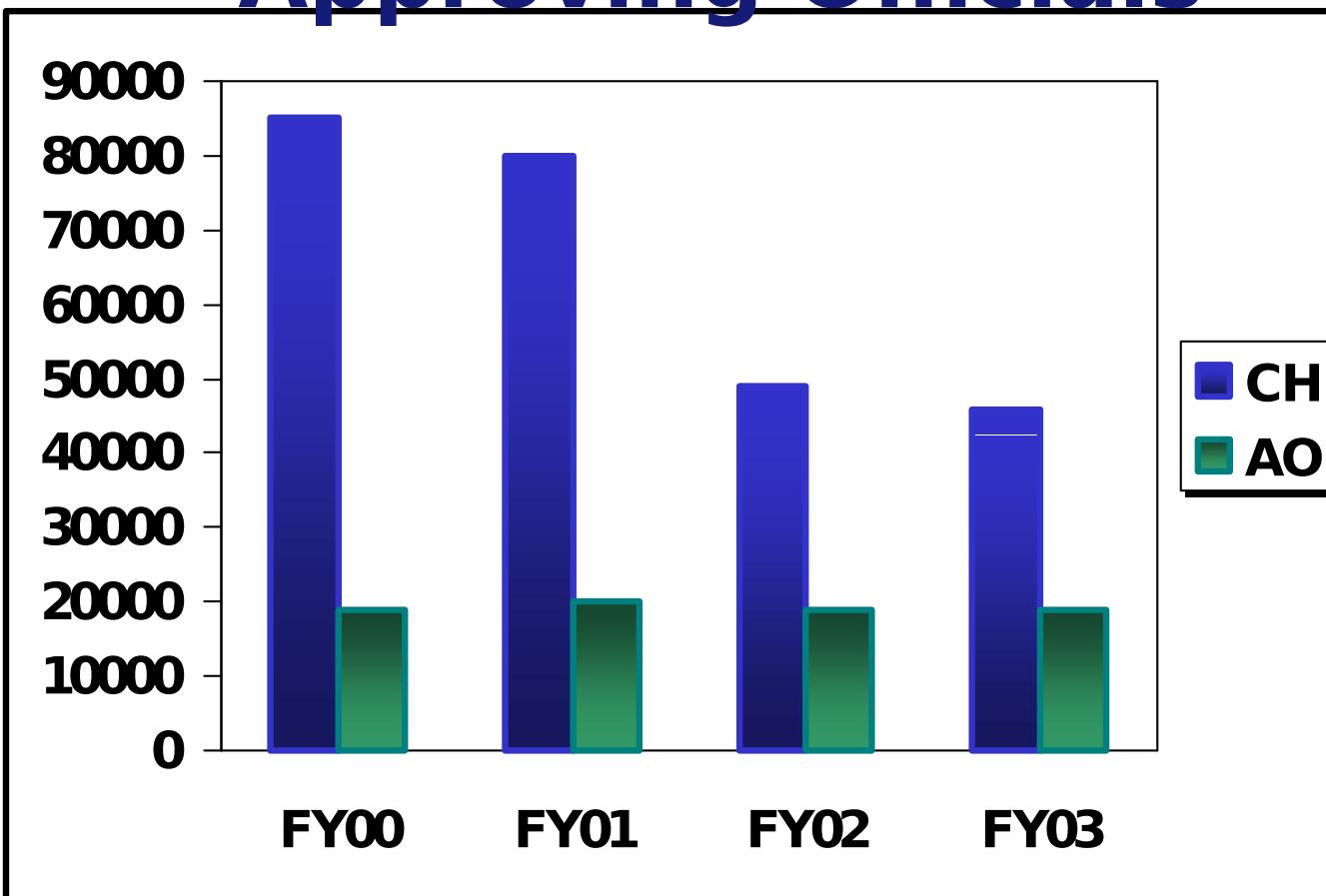




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# Number of Cardholders and Approving Officials



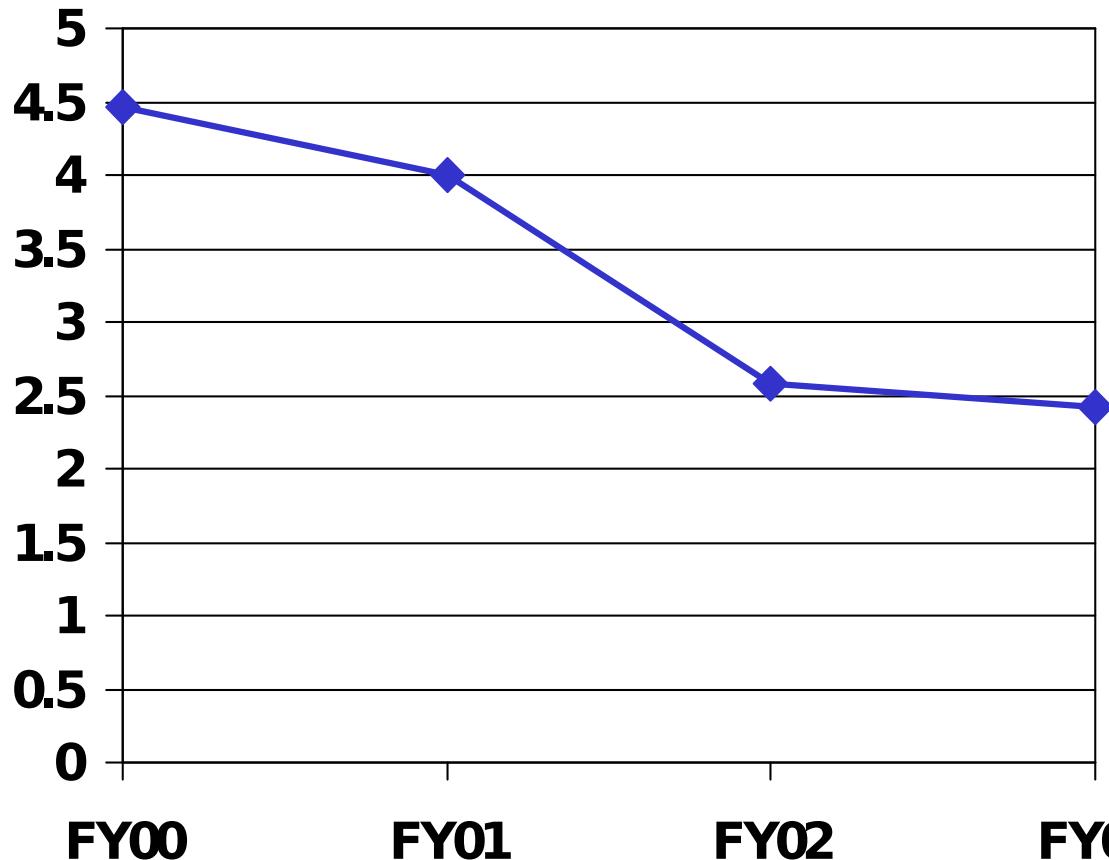


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# Span of Control Ratio

CH/AO



Span of Control Ratio

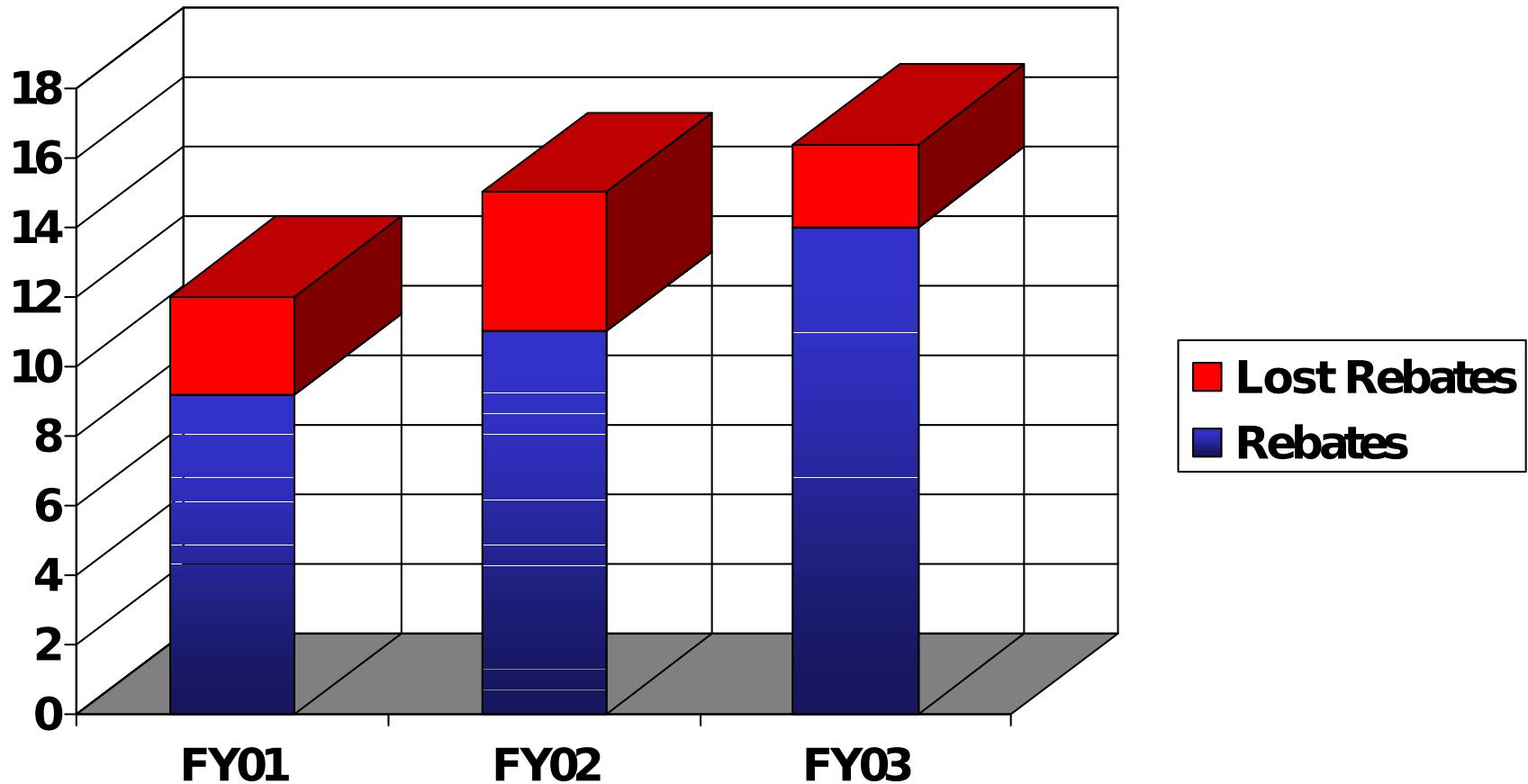


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# AF Rebates Received/Lost



Millions





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# Rebate File Turn (Days)

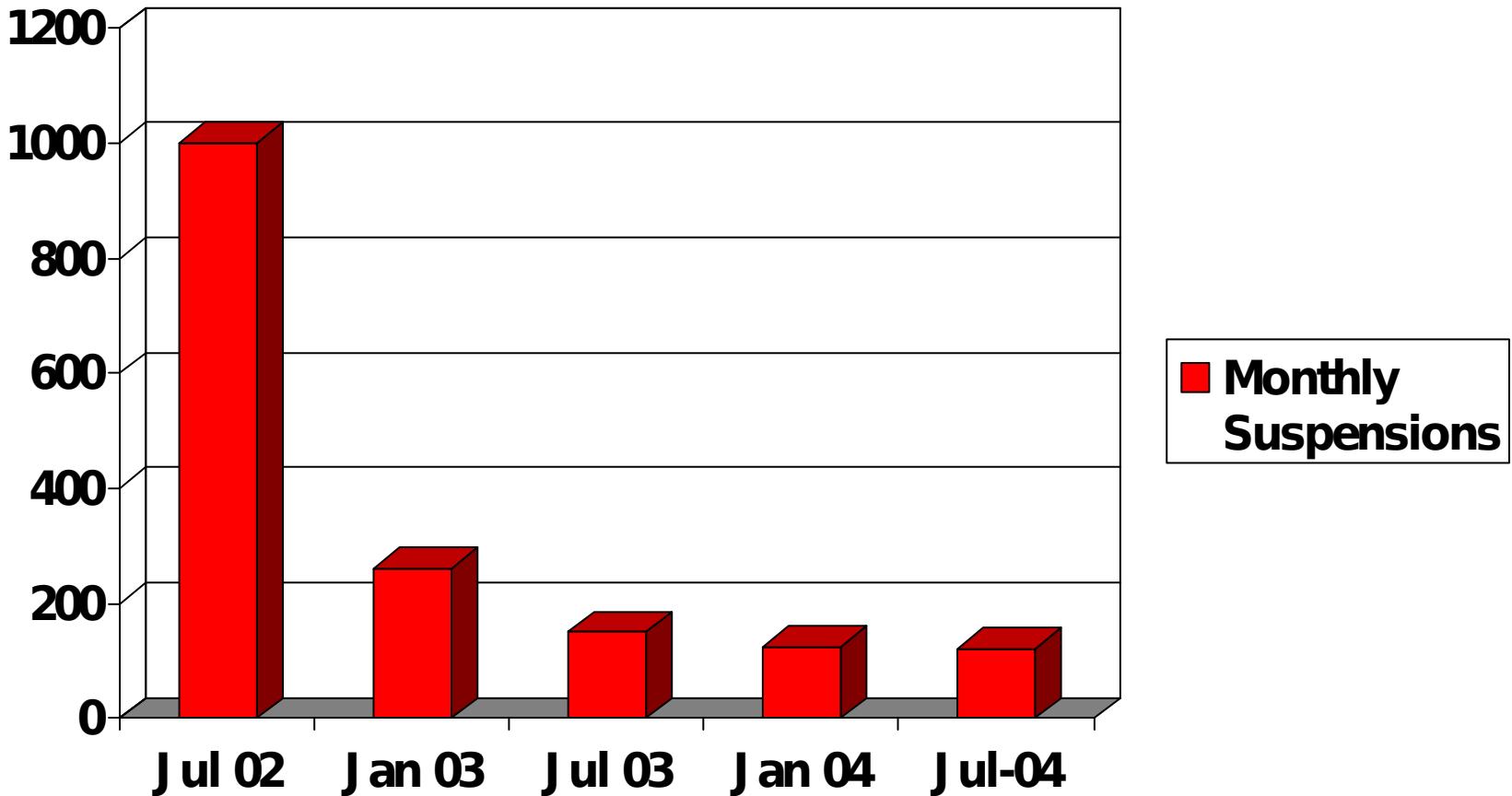


	2nd Qtr FY03	3rd Qtr FY03	4th Qtr FY03	1st Qtr FY04	2nd Qtr FY04	3rd Qtr FY04	
<b>10 (BRAC)</b>	<b>46</b>	<b>47</b>	<b>41</b>	<b>56</b>	<b>34</b>	<b>42</b>	
<b>14 (AFSPC)</b>	<b>29</b>	<b>30</b>	<b>25</b>	<b>48</b>	<b>27</b>	<b>27</b>	
<b>15 (AFSOC)</b>	<b>25</b>	<b>28</b>	<b>27</b>	<b>46</b>	<b>25</b>	<b>29</b>	
<b>16 (AFMC)</b>	<b>30</b>	<b>30</b>	<b>23</b>	<b>40</b>	<b>27</b>	<b>27</b>	
<b>19 (AMC)</b>	<b>23</b>	<b>25</b>	<b>23</b>	<b>41</b>	<b>25</b>	<b>27</b>	
<b>20 (PACAF)</b>	<b>28</b>	<b>26</b>	<b>22</b>	<b>30</b>	<b>26</b>	<b>24</b>	
<b>21 (NAF)</b>	<b>38</b>	<b>38</b>	<b>41</b>	<b>44</b>	<b>37</b>	<b>40</b>	
<b>23 (USAFE)</b>	<b>33</b>	<b>34</b>	<b>33</b>	<b>44</b>	<b>32</b>	<b>28</b>	
<b>30 (AU)</b>	<b>27</b>	<b>26</b>	<b>30</b>	<b>27</b>	<b>29</b>	<b>32</b>	
<b>35 (AFPDR)</b>	<b>42</b>	<b>54</b>	<b>43</b>	<b>46</b>	<b>51</b>	<b>48</b>	
<b>43 (11WG)</b>	<b>20</b>	<b>21</b>	<b>24</b>	<b>55</b>	<b>22</b>	<b>25</b>	
<b>45 (USAFA)</b>	<b>24</b>	<b>27</b>	<b>24</b>	<b>39</b>	<b>24</b>	<b>26</b>	
<b>64 (AETC)</b>	<b>24</b>	<b>27</b>	<b>26</b>	<b>28</b>	<b>27</b>	<b>27</b>	
<b>87 (AFRC)</b>	<b>40</b>	<b>32</b>	<b>22</b>	<b>54</b>	<b>36</b>	<b>26</b>	
<b>75 (AFOTEC)</b>	<b>27</b>	<b>25</b>	<b>24</b>	<b>37</b>	<b>26</b>	<b>25</b>	
<b>88 (ACC)</b>	<b>29</b>	<b>27</b>	<b>27</b>	<b>36</b>	<b>27</b>	<b>27</b>	
<b>96 (Chaplains)</b>	<b>51</b>	<b>47</b>	<b>47</b>	<b>53</b>	<b>45</b>	<b>48</b>	
<b>USAF (57)</b>	<b>28</b>	<b>29</b>	<b>27</b>	<b>38</b>	<b>28</b>	<b>28</b>	



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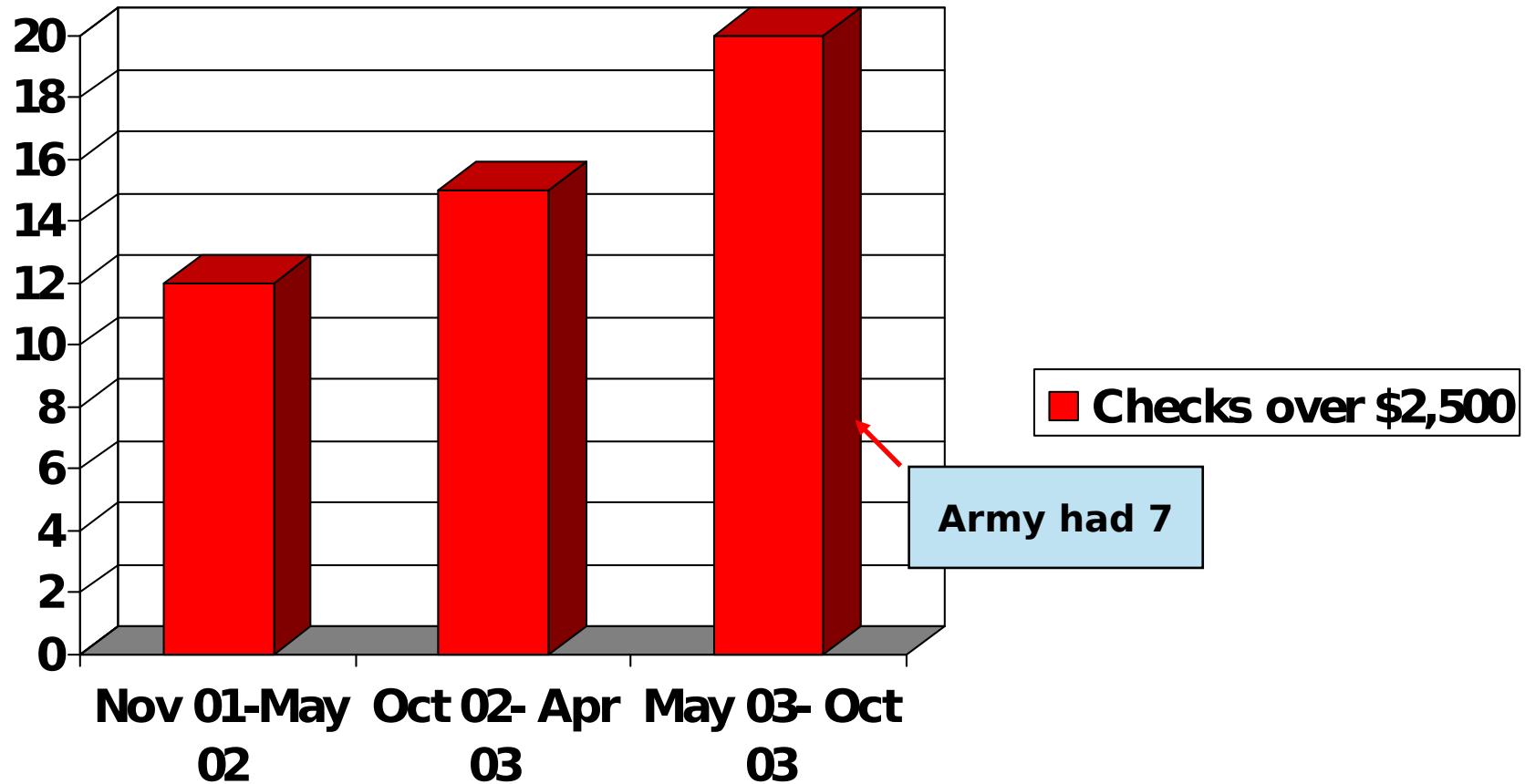
# AF Accounts Suspended by DoD





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# Convenience Check Violations





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# Completed Audits

## ■ Completed Audits

- **GAO-04-156, “Purchase Cards: Steps Taken to Improve DoD Program Management but Actions Needed to Address Misuse” (December 2003)**
  - Though the Services have taken steps to implement 109 GAO recommendations, they have not taken strong disciplinary actions against cardholders GAO identified as making improper and abusive or questionable purchase card acquisitions
- **GAO-04-430, “Whether agencies are managing PC Program to maximize potential savings” (March 2004)**
  - Agencies should develop mechanisms that provide CHs more favorable pricing from major vendors or for key commodity groups, such as agency-wide discount agreements with major vendors or simpler mechanisms that capitalize on trade discounts offered by local merchants and assess that CHs are getting good prices.



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# Completed Audits (con't)

## ■ Completed Audits (con't)

### → AFAA - “Air Force Government Purchase Card Internal Controls” Draft Report (F2003-FC3000-0076) July 2004

- Did not identify fraudulent activity requiring referral to the AFOSI
- Reductions in the number of split purchases made to avoid purchase card limits
- Noncompliance with card usage policies still indicates inadequate policy enforcement by using activities.



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# Ongoing Audits

- DoDIG (D2002LF-0101), “DoD Controls Over Purchase Cards in the Military Health System”
- DoDIG (D2003LH-0052), “Selected DoD Purchase Card Transactions Originating Outside the United States”
- DoDIG (D2003CH-0126), “DoD Purchase Card Convenience Checks”



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# Program Management



## ■ New Revisions to 64-117

- **Surveillance reports be signed by contracting squadron commander/chief of contracting office**
- **Annual surveillance reports to include:**
  - **Ratio of CHs to AOs**
  - **Ratio of CHs to employees**
  - **Ratio of monthly spending limits to actual spending**
  - **# of AOs and CHs requiring training**
- **Documentation of independent receipt and acceptance by someone other than the CH**



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# What's Next



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# Next Steps for AF



- **Improving program controls**
- **Improving efficiencies**
  - Strategic sourcing (buying smarter)
  - Rebates
- **Adapting to a changing charge card program**



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# Role of A/OPC

## → Key to success

### ➤ Oversight

- Accomplish surveillance
- Use the new tools provided to identify fraud and misuse
- Enforce the rules
- Terminate privileges of abusers
- Refer disciplinary action to unit commanders

### ➤ Management

- Accomplish training
- Identify opportunities for improvement
  - Increase rebates
  - Obtain vendor discounts
  - Expand the purchase card program

### ➤ Work smarter, not harder



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# Questions?



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# **BACK-UP SLIDES**



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# DoD Charge Card Task Force



- Established by USD(C) - March 2002
  - Made Recommendations to Improve Oversight and Strengthen the Department's Charge Card Program
  - Management Initiative Decision (MID) 904 established to track implementation of recommendations



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# MID 904 - Purchase Card



## Completed Actions

- PC-01    DoD Concept of Operations (CONOPS) Published**
- PC-03    Span of Control Policy Issued**
- PC-04    Training Material for PC Officials Developed**
- PC-05    List of Recommended Skills and Grade Published in DoD CONOPS**
- PC-06    Strengthened Pecuniary Liability Procedures in Regulations**
- PC-07    Additional Methods to Prosecute Fraud Identified**
- PC-08    Strengthened Compliance Language in Regulations**
- PC-09    Coordination of Cases of Abuse with Investigative Agencies and Security Managers/Supervisors Required**
- PC-10    DoD CONOPS - Skills and Duties be noted in job descriptions/Standards**
- PC-11    Requirement Established for GPC Training Data Base**
- PC-12    Mandatory Review of Approving Officials Non-GPC Workload Required**
- PC-13    Strategic Sourcing Strategy Developed**
- PC-14    Standard Review Checklists Developed & Published in**



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# **Accelerate Implementation of**

## **ElectroYellowCertification**

### **Key Events:**

- **USD(C)/USD(AT&L) Memo Mandated Electronic Certification by December 2002**
- **DoD Master Implementation Schedule in April 2003**

### **Waiver Criteria and Approval Process:**

- **Develop Business Case Analysis**
- **Signed out by Component Acquisition Executives with FM Coordination**
- **Approved by OSD DDP with USD(C) Coordination**

### **Draft Internal Control Requirements**

- **DoD Coordinated with IG and GAO**
- **Pending Coordination with OSD Comptroller**
- **PMO in coordination with DFAS regarding ERP Business Requirements**



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# MID 904 - Common Items



## ~~(Travel & Purchase)~~ Completed Items

**CO-01 Deputy Secretary of Defense Issued Guidance on Charge Cards**

**CO-02 Issue DoD Directive on Charge Cards**

**CO-5**

**CO-8 Disciplinary and Administrative Actions**

**CO-10**

**CO-06 Report Charge Card Data to OMB**

**CO-09 Reduce Number of Charge Cards to under 1.5 Million Accounts**

**CO-11 Report Status of MID 904 Actions**

**Green**

**CO-7 Creditworthiness Issues**

**Yellow**

**CO-3 Develop Methods to Control Charge Cards upon Departure**

**CO-4 Data Mining Strategy**



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# Summary of MID 904 Actions

## Common (Travel & Purchase):

- Completed: 8
- Green: 1
- Yellow: 2
- Subtotal: 11

## Purchase Card:

- Completed: 14
- Green: 0
- Yellow: 1
- Subtotal: 15

### Key:

**Green: Plan and Schedule Developed**

**Yellow: Plan Developed; Schedule TBD**



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# Convenience Check Violations



	Nov 01-May 02	Oct 02-Apr 03	May 03-Oct 03
<b>10 (BRAC)</b>	0	0	0
<b>14 (AFSPC)</b>	0	0	1
<b>15 (AFSOC)</b>	0	1	1
<b>16 (AFMC)</b>	7	1	7
<b>19 (AMC)</b>	1	4	3
<b>20 (PACAF)</b>	1	1	0
<b>21 (NAF)</b>	0	0	0
<b>23 (USAFE)</b>	0	1	0
<b>30 (AU)</b>	0	0	0
<b>35 (AFPDR)</b>	0	0	0
<b>43 (11WG)</b>	0	2	1
<b>45 (USAFA)</b>	1	1	2
<b>64 (AETC)</b>	0	2	2
<b>87 (AFRC)</b>	1	0	1
<b>75 (AFOTEC)</b>	0	0	0
<b>88 (ACC)</b>	1	2	2
<b>96 (Chaplains)</b>	0	0	0
<b>USAF (57)</b>	12	15	20